

Message Text

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PAGE 01 TORONT 01857 201756Z
ACTION EUR-12

INFO OCT-01 ISO-00 EB-07 DOTE-00 /020 W
-----001945 201802Z /50

R 201459Z JUL 77
FM AMCONSUL TORONTO
TO SECSTATE WASHDC 5892
USDOC WASHDC
INFO AMEMBASSY OTTAWA
AMCONSUL MONTREAL
AMCONSUL QUEBEC
AMCONSUL WINNIPEG

UNCLAS TORONTO 1857

E.O. 11652: N/A
TAGS: ELTN, BENC, CA
SUBJECT: LIGHTWEIGHT RAIL VEHICLE DOLS 39.6 MILLION CONTRACT
AWARDED TO THUNDER BAY, ONTARIO FIRM

USDOC ALSO FOR BIC/OED/OBEC; DOT FOR TP1-42

REF: (A) 75 TORONTO U-27 (NOTAL); (B) 75 TORONTO A-50 (NOTAL);
(C) TORONTO A-12 (NOTAL)

1. ONTARIO TRANSPORT MINISTER SNOW ANNOUNCED IN
THUNDER BAY, ONTARIO, THAT THE CONTRACT TO CONSTRUCT
190 LIGHTWEIGHT RAIL VEHICLES FOR THE TORONTO TRANSIT
COMMISSION STREETCAR NET HAD BEEN AWARDED TO HAWKER

SIDDELEY CANADA LTD. OF THUNDER BAY FOR A TOTAL
39.6 MILLION DOLLARS. IN BIDDING, CALLED BY THE
ONTARIO PROVINCIAL CROWN CORPORATION URBAN TRANSPORTATION
DEVELOPMENT CORPORATION (UTCD), LOW BID WAS
REPORTEDLY SUBMITTED BY MLW-BOMBARDIER LTD. OF QUEBEC.
UTDC RECOMMENDED ON JULY 7 THAT THE MLW-BOMBARDIER
BID, SOME 2.1 MILLION DOLLARS LOWER, BE ADJUDGED
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THE WINNER BUT THE PROVINCIAL GOVERNMENT DECIDED
THAT THE WORK SHOULD GO TO THE ONTARIO FIRM.

2. ACCORDING TO HAWKER SIDDELEY, THE CONTRACT WILL
CREATE NO NEW JOBS BUT WILL PROTECT 5,150 WORKERS
WHEN OTHER CONTRACTS RUN OUT THIS YEAR. SIX PROTO-
TYPES OF THE LIGHTWEIGHT VEHICLE ARE NOW BEING BUILT

IN SWITZERLAND AND THE FIRST WILL BE DELIVERED THIS FALL. THE FIRST 40 OF THE ONTARIO-BUILT CARS ARE EXPECTED TO BE DELIVERED IN 1978 AND THE REMAINDER IN 1979.

3. BACKGROUND INFORMATION ON THE PROJECT IS CONTAINED IN REFERENCES A AND B, WHILE INFORMATION ON HAWKER SIDDELEY IS PROVIDED IN REF C.

4. COMMENT: THE GOVERNMENT HAS BEEN CRITICIZED IN THE PRESS FOR ESTABLISHING THE EQUAL OF QUEBEC'S INTERNAL PURCHASING POLICY. A STATEMENT IN THE PRESS JULY 20 QUOTED A QUEBEC MINISTER'S UNDERSTANDING OF WHY ONTARIO IS PAYING THE PENALTY FOR IN-PROVINCE MANUFACTURE WILL NO DOUBT RUB SALT INTO THE WOUNDS.

HOWEVER, WITH THE GOVERNMENT OF ONTARIO EFFECTIVELY PAYING OVER 80 PERCENT OF THE COST OF THE TOTAL ORDER THROUGH SUBSIDY ARRANGEMENTS WITH THE TORONTO TRANSIT COMMISSION, NO MATTER HOW MUCH THE GOVERNMENT WISHES TO SEE UTFC DEVELOP AS A CANADA-WIDE TRANSPORTATION CONCEPT DEVELOPER, AS POINTED OUT IN REF A, THE POLITICAL PRACTICALITY OF THE GOVERNMENT OF ONTARIO TAKING A HEAVILY SUBSIDIZED ORDER AWAY FROM A QUALIFIED AND SOMEWHAT TRADITIONAL SUPPLIER LOCATED IN THE ECONOMIC DEVELOPMENT TARGET AREA OF NORTHERN ONTARIO
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WAS ALWAYS DOUBTFUL.
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Message Attributes

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Copy: SINGLE
Sent Date: 20-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TORONT01857
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770258-0160
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From: TORONTO
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